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INFO RUEHBO/AMEMBASSY BOGOTA 7763
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SENSITIVE
SIPDIS

TREASURY FOR MEWENS
USDA/FAS/OFSO FOR HMAGINNIS
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SUBJECT: AMBASSADOR'S MEETING WITH AGRICULTURE MINISTER POVEDA

11. (U) Summary: The Ambassador paid a courtesy call on Agriculture Minister Walter Poveda on September 15. Also in the meeting were Agriculture Vice Minister Cevallos, Embassy DCM, and Agricultural Attache Gonzalez. Poveda emphasized the need for international cooperation and sought renewal of USDA's food aid program for Ecuador, which would help with the Correa administration's priority of assisting poor rural farmers. He also sought increased U.S. investment and USG assistance in new agricultural projects for the export market. End Summary.

12. (SBU) Minister Poveda began by briefly discussing the Correa administration's agriculture priorities, which included refocusing attention and resources on impoverished rural areas. He claimed that his office was more focused on an agricultural plan than his predecessors, and that he wanted to reactivate international cooperation and highlight the benefits of this cooperation for Ecuadorian farmers. Poveda added that market forces had been hurting the small farmer, as had the competition from free imports and exports, which is why the GOE had begun implementing price control policies. He commented that current ministers have greater interaction with President Correa than in the past, and that this increased communication was being reflected in more successful and task-oriented ministries.

Minister Seeks Extension of Food Aid Program...

13. (SBU) The Minister's first request was for an extension of USDA's PL-480 food aid program (which will expire in December 2009). Alternatively, he asked us to develop another program to continue USG assistance and collaboration with the Agriculture Ministry. He noted that PL-480 had been helpful in stimulating the agricultural sector and that he did not want to lose its cooperative opportunities and funding. With the Ministry's new focus on the poor small farmer, he believed it was an ideal time to restart the program. The Ambassador explained that such a decision would fall to Congress and that it was highly unlikely the program would be extended. The Agricultural Attache commented that FAS would try to use other USDA funds and programs to continue collaborative and capacity building projects in Ecuador's agriculture sector.

...And U.S. Investment, Assistance in Export Projects

14. (SBU) Another priority for the Ministry was to attract increased U.S. investment. The Minister noted the wide variety of raw materials produced by Ecuador - such as palm oil, cacao, and the potential for cotton production - and asked for USG assistance in publicizing this information as well as attracting U.S. investors. He commented on the potential for producing value-added products in

Ecuador, with the assistance of the USG and U.S. investors. Mentioning a new 70,000 hectare agricultural area that the MAG wants to develop for high-value agricultural exports to the United States, Poveda also requested USG assistance with identifying potential products, markets, importers, and quality standards. He noted that Ecuador's agricultural production capacity far exceeded its consumption and, with the current instability in Africa and safety issues in China, that it was positioned to become a premier agricultural supplier to the United States. The Ambassador noted that perception was critical to U.S. investors, so Ecuadorian laws and policies must be clearly seen as encouraging and protecting foreign investment.

¶5. (U) Minister Poveda highlighted Ecuador's need for higher-quality, higher-production "certified" seed programs, as well as on-site agricultural training for farmers (including agricultural schools and capacity building programs). The Vice Minister and the Agricultural Attache agreed to continue discussions on possible cooperation in this area. Poveda also requested cooperation and assistance for processing potatoes to create alcohol, which could be used as fuel and thus help support potato prices. Finally, he asked for technical assistance to begin reforestation projects. Ecuador aims to plant one million hectares of forest (for sustainable wood production and environmental protection) within the next 20 years.

¶6. (SBU) Comment: The meeting was friendly and collaborative, with a useful exchange on a number of potential cooperation projects. USDA's PL-480 food aid program for Ecuador is unlikely to be renewed, since Ecuador's level of development has increased beyond the levels of the program. However, Foreign Agricultural Service staff plan to continue working on technical capacity building initiatives in Ecuador.

HODGES